

2013 DRAFTING REQUEST

Bill

Received: **1/23/2013** Received By: **fknepp**
Wanted: **As time permits** Same as LRB:
For: **Administration-Budget 266-7597** By/Representing: **Ley**
May Contact: Drafter: **fknepp**
Subject: **Econ. Development - tax incntves** Addl. Drafters:
Extra Copies:

Submit via email: **YES**
Requester's email:
Carbon copy (CC) to: **fern.knepp@legis.wisconsin.gov**
rick.champagne@legis.wisconsin.gov
michael.gallagher@legis.wisconsin.gov

Pre Topic:

DOA:.....Ley, BB0410 -

Topic:

Reset economic development tax credits

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	fknepp 1/23/2013			_____			
/P1	fknepp 1/23/2013	kfollett 1/23/2013	jmurphy 1/23/2013	_____	sbasford 1/23/2013		State
/P2	fknepp	kfollett	jmurphy	_____	srose		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	1/24/2013	1/23/2013	1/24/2013	_____	1/24/2013		
/1		kfollett	rschluet	_____	srose		State
		1/24/2013	1/24/2013	_____	1/24/2013		

FE Sent For:

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1/15/13
1/24/13
[Signature]

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/P1		kfollett 1/23/2013	jmurphy 1/23/2013	_____	sbasford 1/23/2013		State
FE Sent For:		1/23/13	1/24/13	1/24/13			

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/?	fknepp	1/PI/f					

1/23 Jan 1/23/13 Self

FE Sent For:

<END>

Knepp, Fern

From: Gallagher, Michael
Sent: Monday, January 21, 2013 1:26 PM
To: Knepp, Fern
Cc: Kreye, Joseph
Subject: FW: [Possible SPAM] Statutory Language Drafting Request - BB0410

Importance: Low

Fern, looks like this is related to -0525, which you handled with the eminent Joe Kreye.

From: Hanaman, Cathlene
Sent: Monday, January 21, 2013 1:23 PM
To: Gallagher, Michael; Kreye, Joseph
Subject: FW: [Possible SPAM] Statutory Language Drafting Request - BB0410
Importance: Low

From: Emily.Ley@wisconsin.gov [mailto:Emily.Ley@wisconsin.gov]
Sent: Monday, January 21, 2013 12:21 PM
To: Hanaman, Cathlene
Cc: Frederick, Caitlin - DOA; Ley, Emily A - DOA; Thornton, Scott - DOA
Subject: [Possible SPAM] Statutory Language Drafting Request - BB0410
Importance: Low

Biennial Budget: 2013-15

DOA Tracking Code: BB0410

Topic: Reset Economic Development Tax Credits

SBO Team: TLGED

SBO Analyst: Ley, Emily - DOA
Phone: 608-266-7597
E-mail: Emily.Ley@wisconsin.gov

Agency Acronym: WEDC

Agency Number: 192

Priority: Medium

Intent:

Reset the total tax benefits available in the economic development tax credit program under s. 238.303 at \$75 million. (This is part of the original request under LRB# 13-0525, but was reduced from \$100m to \$75 million).

Attachments: False

1 238.302 (3) EMPLOYEE TRAINING PROJECT. A project that involves significant
2 investments in the training or reeducation of employees, as defined by the
3 corporation ~~by rule~~ under s. 238.306 (2) (c), by the person for the purpose of improving
4 the productivity or competitiveness of the business of the person.

5 **SECTION 62.** 238.302 (4) of the statutes is amended to read:

6 238.302 (4) PROJECT RELATED TO PERSONS WITH CORPORATE HEADQUARTERS IN
7 WISCONSIN. A project that will result in the location or retention of a person's
8 corporate headquarters in Wisconsin ~~or that will result in the retention of employees~~
9 ~~holding full-time jobs in Wisconsin if the person's corporate headquarters are~~
10 ~~located in Wisconsin.~~

 ****NOTE: Your instructions did not address whether to alter eligible activities related to headquarters. For purposes of this draft, I assumed that the new job retention project was intended to replace the job retention aspect of the headquarters project. If this is not consistent with your intent, please let me know what, if any, changes you would like to make to the headquarters project.

11 **SECTION 63.** 238.303 (1) (a) of the statutes is amended to read:

12 238.303 (1) (a) Except as provided in ~~pars. (am) and par.~~ (b), and subject to a
13 reallocation by the corporation pursuant to ~~rules~~ policies and procedures adopted
14 under s. 238.15 (3) (d), the total tax benefits available to be allocated by the
15 corporation under ss. 238.301 to 238.306 may not exceed ~~the sum of the tax benefits~~
16 ~~remaining to be allocated under s. 560.71 to 560.785, 2009 stats., s. 560.797, 2009~~
17 ~~stats., s. 560.798, 2009 stats., s. 560.7995, 2009 stats., and s. 560.96, 2009 stats., on~~
18 ~~March 6, 2009, plus \$25,000,000~~ \$100,000,000.

 ****NOTE: According to the Legislative Council briefing book on economic development, as of July 2012, WEDC and the Department of Commerce have allocated \$93,000,000 in economic development tax credits. Your instructions say to "reset" the allocation to \$100,000,000. Is it your intent to grant an additional \$100,000,000 or to replace the current language with a simple \$100,000,000 cap? As drafted, this paragraph allows WEDC to allocate up to \$100,000,000 of tax benefits under this program without taking into consideration anything that was previously allocated by the Department of Commerce. Is this consistent with your intent?



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1281/P1

FFK: k

of RMR

In 1-23-13

DOA:.....Ley, BB0410 - Reset economic development tax credits

FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION

Don't Gen

1 **AN ACT ...; relating to:** the budget.

Analysis by the Legislative Reference Bureau

Under current law, WEDC may allocate tax credits to certain businesses under the economic development tax credit program. Currently, the total amount of credits that WEDC may allocate under the economic development tax credit program may not exceed the sum of the tax credits remaining under the tax credit programs that were consolidated when the economic development tax credit program was created and \$25,000,000.

This bill provides that, beginning on the effective date of the bill, the total amount of benefits that WEDC may allocate under the economic development tax credit program is \$75,000,0000.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 **SECTION 1.** 238.303 (1) (a) of the statutes is amended to read:

3 238.303 (1) (a) Except as provided in pars. (am) and par. (b), and subject to a
4 reallocation by the corporation pursuant to rules adopted under s. 238.15 (3) (d),

✓

1 beginning on the effective date of this paragraph [LRB inserts date], the total tax
2 benefits available to be allocated by the corporation under ss. 238.301 to 238.306 may
3 not exceed the sum of the tax benefits remaining to be allocated under s. 560.71 to
4 ~~560.785, 2009 stats., s. 560.797, 2009 stats., s. 560.798, 2009 stats., s. 560.7995, 2009~~
5 ~~stats., and s. 560.96, 2009 stats., on March 6, 2009, plus \$25,000,000~~ \$75,000,000.

****NOTE: Your instructions say to "reset" the allocation to \$75,000,000. I interpreted that to mean that beginning on the effective date of the budget, WEDC may allocate a maximum of \$75,000,000 under this program. This would not take into account any benefits allocated by WEDC prior to the effective date of the budget. Is this consistent with your intent?

~~NOTE: NOTE: Section 238.303 (1) (title) was renumbered from s. 560.703 (1) (title) by the legislative reference bureau under s. 13.92 (1) (bm) 2. NOTE:~~
~~History: 2009 a. 2, 265; 2011 a. 4; 2011 a. 32 ss. 3412 to 3415; Stats. 2011 s. 238.303; s. 13.92 (1) (bm) 2.~~

6 **SECTION 2. 238.303 (1) (am) of the statutes is repealed.**

7 (END)

Knepp, Fern

From: Ley, Emily A - DOA <Emily.Ley@wisconsin.gov>
Sent: Wednesday, January 23, 2013 3:03 PM
To: Knepp, Fern
Subject: Notes on 1281/P1 Reset economic development tax credits

Hi Fern,

Thanks for your draft and note on 1281/P1, Reset economic development tax credits. I think you captured the original intent perfectly, but after discussing it over with WEDC, we've changed our minds.

The new intent is to provide an additional \$75 million in economic development tax credits, rather than reset at \$75 million. We don't want to get into the situation that if WEDC has credit remaining at the end of FY13 that it is eaten up by the \$75 m; the balance at the end of FY13 should roll into FY14 in addition to the \$75 m. Let me know if you have questions.

Thanks again.

Emily Ley
Executive Policy & Budget Analyst
Department of Administration
Division of Executive Budget and Finance
(608)-266-7597
emily.ley@wisconsin.gov



State of Wisconsin
2013 - 2014 LEGISLATURE

In 1-23-2013



LRB-1281/P1

FFK:kjfjm

RMR

DOA:.....Ley, BB0410 - Reset economic development tax credits

FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION

Don't Gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

Under current law, WEDC may allocate tax credits to certain businesses under the economic development tax credit program. Currently, the total amount of credits that WEDC may allocate under the economic development tax credit program may not exceed the sum of the tax credits remaining under the tax credit programs that were consolidated when the economic development tax credit program was created and \$25,000,000.

This bill ~~provides that~~ ^{increases} the total amount of benefits that WEDC may allocate under the economic development tax credit program ~~is~~ ^{by} \$75,000,000.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 SECTION 1. 238.303 (1) (a) of the statutes is amended to read:

3 238.303 (1) (a) Except as provided in pars. ~~(am)~~ and par. (b), and subject to a
4 reallocation by the corporation pursuant to rules adopted under s. 238.15 (3) (d),

1 beginning on the effective date of this paragraph [LRB inserts date], the total tax
2 benefits available to be allocated by the corporation under ss. 238.301 to 238.306 may
3 not exceed the sum of the tax benefits remaining to be allocated under s. 560.71 to
4 560.785, 2009 stats., s. 560.797, 2009 stats., s. 560.798, 2009 stats., s. 560.7995, 2009
5 stats., and s. 560.96, 2009 stats., on March 6, 2009, plus \$25,000,000 \$75,000,000.

***NOTE: Your instructions say to "reset" the allocation to \$75,000,000. I
interpreted that to mean that beginning on the effective date of the budget, WEDC may
allocate a maximum of \$75,000,000 under this program. This would not take into account
any benefits allocated by WEDC prior to the effective date of the budget. Is this consistent
with your intent?

6 **SECTION 2.** 238.303 (1) (am) of the statutes is repealed.

7 (END)

\$100,000,000

Knepp, Fern

From: Ley, Emily A - DOA <Emily.Ley@wisconsin.gov>
Sent: Thursday, January 24, 2013 2:23 PM
To: Knepp, Fern
Subject: LRB 1281 Reset Econ Dev tax credits

Hi Fern,
1281/P2 looks great. You captured the intent perfectly. Do you know if you have remove the note before I can mark the draft final?
Thank you,

Emily Ley
Executive Policy & Budget Analyst
Department of Administration
Division of Executive Budget and Finance
(608)-266-7597
emily.ley@wisconsin.gov



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1281/P2

FFK:kjf:jm

1
RMA

In 1-24-13

DOA:.....Ley, BB0410 - Reset economic development tax credits

FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION

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This bill increases the total amount of benefits that WEDC may allocate under the economic development tax credit program by \$75,000,000.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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1 total tax benefits available to be allocated by the corporation under ss. 238.301 to
2 238.306 may not exceed the sum of the tax benefits remaining to be allocated under
3 s. 560.71 to 560.785, 2009 stats., s. 560.797, 2009 stats., s. 560.798, 2009 stats., s.
4 560.7995, 2009 stats., and s. 560.96, 2009 stats., on March 6, 2009, plus \$25,000,000
5 \$100,000,000.

****NOTE: Is this consistent with your intent?

6 **SECTION 2.** 238.303 (1) (am) of the statutes is repealed.

7 (END)



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1281/1
FFK:kjf:rs

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This bill increases the total amount of benefits that WEDC may allocate under the economic development tax credit program by \$75,000,000.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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1 total tax benefits available to be allocated by the corporation under ss. 238.301 to
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